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September 24, 1990

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. LeMay:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for Commingling of Production from Wolfcamp and Canyon Formations.

We ask that this case be set for hearing on October 17, 1990, and that we be furnished with a copy of the docket for said hearing.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.


Ernest L. Carroll

ELC:kth
Enclosures

cc w/encl: Kathy Porter, Yates Petroleum Corporation

**BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR : CASE NO. _____
COMMINGLING OF PRODUCTION FROM WOLFCAMP :
AND CANYON FORMATIONS, EDDY COUNTY, :
NEW MEXICO :
_____ :**

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by and through its attorneys, Losee, Carson, Haas & Carroll, P. A. and in support hereof, respectfully states:

1. That applicant is the operator of its Hillview AHE Com #3 in Unit N, Section 23, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. This well is located within the boundaries of the South Dagger Draw - Upper Pennsylvanian Associated Pool.

2. That applicant has completed said well in the Canyon formation at a depth of 7,655 feet to 7,800 feet and proposes to commingle said formation th the Wolfcamp formation at a depth of 6,676 to 6,718 feet.

3. That the downhole commingling of said well is feasible in accordance with good conservation practices and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays that:

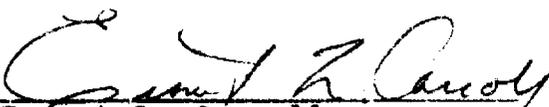
A. This application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting permission to applicant to commingle downhole its Hillview

AHE Com #3 Well for the production of gas from the Canyon and Wolfcamp formations.

C. And for such other relief as may be just in the premises.

YATES PETROLEUM CORPORATION

By: 
Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.
P. O. Drawer 239
Artesia, New Mexico 88211-0239

Attorneys for Applicant

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September 24, 1990

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New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 10132

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Ernest L. Carroll

ELC:kth
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YATES PETROLEUM CORPORATION FOR : CASE NO. 10132
COMMINGLING OF PRODUCTION FROM WOLFCAMP :
AND CANYON FORMATIONS, EDDY COUNTY, :
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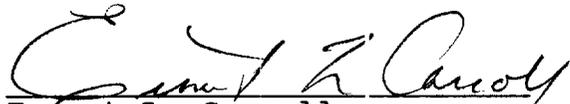
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Attorneys for Applicant

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Ernest L. Carroll

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Artesia, New Mexico 88211-0239

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR : CASE NO. _____
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YATES PETROLEUM CORPORATION

By: 
Ernest L. Carroll

LOSEE, CARSON, HAAS & CARROLL, P.A.
P. O. Drawer 239
Artesia, New Mexico 88211-0239

Attorneys for Applicant



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 16, 1990

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Case 10132

Attention: Ken Beardemphl, Landman

Administrative Order NSL-2845

Dear Mr. Beardemphl:

Reference is made to your application dated May 22, 1990 for a non-standard location for your Hillview "AHE" Federal Com Well No. 3, formerly known as the Penny Federal Well No. 1, located 660 feet from the South line and 1980 feet from the West (Unit N) of Section 23, Township 20 South, Range 24 East, NMPM, South Dagger Draw Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. The W/2 of said Section 23 shall be dedicated to the well forming either a standard 320-acre oil or gas spacing and proration unit.

The records on this well indicate that the original operator, Rodger C. Hanks, spudded this well on April 17, 1971 and drilled it to a total depth of 7936 feet to test the Cisco-Canyon formation, the S/2 of said Section 23 was originally dedicated to the well forming a standard 320-acre gas spacing and proration unit in which this well location was standard. On May 24, 1971 the well was completed in the Cisco formation as an "oil well" and had dedicated thereto the SE/4 SW/4 (Unit N) of said Section 23. By Division Order No. R-4637 the South Dagger Draw-Upper Pennsylvanian Associated Pool was created and defined. Special rules were also promulgated in which oil and gas wells would both be spaced on 320 acres. Apparently the W/2 was rededicated to this well at that time and the unorthodox well location was authorized by virtue of Decretory Paragraph No. (1) on page 7 of said order. In March 1983, this well was recompleted to the Wolfcamp formation and had its location approved by Administrative Order NSL-1685.

Administrative Order NSL-2845

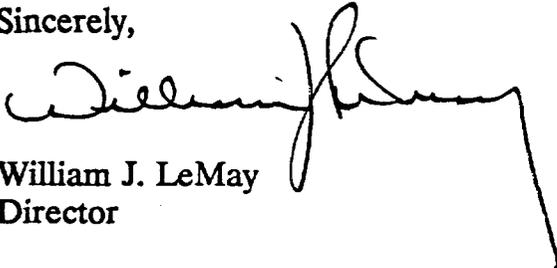
Yates Petroleum Corporation

August 16, 1990

Page 2

At this time, Yates Petroleum Corporation has made a proper filing pursuant to Rule 5 of said Order No. R-4637 for an unorthodox well location in the South Dagger Draw Upper Pennsylvanian Associated Pool; therefore the above-described unorthodox well location is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William J. LeMay', with a long horizontal stroke extending to the right.

William J. LeMay

Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad